

Message Text

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ACTION COME-00

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R 121407Z AUG 76

FM MAMEMBASSY LAGOS

TO SECSTATE WASHDC 6298

UNCLAS LAGOS 09271

E.O. 11652: N/A

TAGS: BENC, BEXP, NI

SUBJECT: CHEMTEX POLYSTER PROJECT AND NIGERIAN OWNERSHIP
RULES

REF: STATE 197876

1. EMBOFF HAS DISCUSSED INDIGENIZATION SCHDULE RAISED REFTEL WITH CHINESE MANAGEMENT OF GROUP WHICH CONTROLS UNITED NIGERIAN TEXTILES (UNITEX) AS WELL AS NICHEMTEX, FIRMS WHICH MANUFACTURES TEXTILES AND ARE UNDERTAKING PROJECT, TO INTEGRATE BACKWARD INTO POLYSTER FIBERS AND FILAMENTS, AND WWHICH ARE THUS IN POSITION VERY SIMILAR TO CHEMTEX. NICHEMETEX-UNITEX OFFICIALS SAY THEY ARE SEEKING OFFICIAL DECISION AS TO WHICH SCHEDULE POLYSTER FIBER MANUFACTURE WOULD FALL UNDER. DECISION HINGES ON WHETHER PRODUNCTS OF POLYMERIZATION AND POLYCONDESATION (THAT IS, POLYESTER, POLYSTYRENE, POLYAMIDE, POLYACRYLIC, AND POLYVINYNL) WILL BE CONSIDERED AS A PART OF THE CHECMILCAL INDUSTRY OR THE TEXTILE INDUSTRY. (POLYESTER FIBER PRODUCTION NICHEMTEX UNDERTAKING WILL BE BASED ON NAPUTHA). AT MOMENT, THEY FEEL EIGHTY PERCENT SURE POLYSTERS WILL FALL UNDER SCHEDULE TWO (SIXTY PERCENT NIGERIAN EQUITY). TEXTILES ARE ALREADY UNDER SCHEDULE TWO. HOWEVER, NICHEMTEX-UNITEX OFFICIALS EMPHASIZED THAT HOLDING ONLY FORTY PERCENT OF EQUITY WILL NOT NECESSARILY MEAN LOSS OF MANAGEMENT CONTROL.

2. EMBASSY WOULD LIKE TO KNOW WITH WHICH NIGERIAN FIRMS CHEMTEX HAS BEEN DISCUSSING POSSIBLE INVESTMENT IN POLYSTER FIBERS. NICHMETEX OFFICIALS WOULD BE INTERSTED IN DISCUSSING IDEA WITH CHETEX IF THIS WOULD NOT INVOLVE CONFLICT OF INTEREST FOR CHECTEX.

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NICHEMTEX BELIEVES NIGERIAN MARKET CAN SUPPORT PRODUCTION ON ORDER

OF 3,000 TO 4,000 TONS PER YEAR OF STAPLE AND SAME QUANTITY OF FILAMENT, AND THIS IS WHAT THEY ARE PLANNING TO PRODUCE. FILAMENT COULD BE EITHER POLYESTER OR POLYAMIDE (NYLON). NICHEMTEX FEELS MARKET HERE FOR POLYESTER OR POLYIMIDE TIRE CORD PRODUCTION HAS NOT BEEN EXPLORED AND COULD PROVIDE BASIS FOR FRUITFUL COLLABORATION WITH FIRM LIKE CHEMTEX. IN ADDITION, NICHEMTEX, WOULD ALSO BE VERY INTERESTED IN DISCUSSING COLLABORTTION TO MANUFACTURE POLYSTYRENE OR POLYVINVYL.

3. RE OTHER POLYESTER PROJECTS UNDER CONSIDERATION IN NIGERIA, NICHEMTEX OFFICIAL RECALLED THAT PIONEER INDUSTRY STATUS HAD BEEN GRANTED TO CHANLON , SUBSIDIARY OF CHANARAI OF INDIA. HOWEVER CHANLON, HAD DONE NOTHING TO FOLLOW UP PROJECT AND HAD LOST PIONEER STATUS. ONLY OTHER PROJECT HE COULD RECALL WAS JAPANESE PROPOSAL TO MANUFACTURE 4,000 TO 5,000 TONS PER YEAR OF POLYESTER. HE HAD NOT HEARD OF ANY RECENT ACTIVITY ON THIS PROJECT AND THOUGHT JAPANESE INTEREST MIGHT HAVE LAPSED.

4. ACTION REQUESTED: PLEASE PASS ABOVE INFORMATION TO CHEMTEX AND ASCERTAIN WHETHER CHEMTEX WOULD LIKE TO CONTACT NICHEMTEX UNITEX GROUP.

CAHILL
BT11L

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